

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

COMPLIANCE REPORT

OF

LANE TOWNSHIP

WARRICK COUNTY, INDIANA

January 1, 2012 to December 31, 2016



FILED
06/15/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Linda Orth	01-01-12 to 02-28-13
	(Vacant)	03-01-13 to 07-21-13
	Eric Stamps	07-22-13 to 01-25-15
	Sarah B. Horn	01-26-15 to 12-31-18
Chairman of the Township Board	John Orth	01-01-12 to 02-11-15
	Andrew Horn	02-12-15 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LANE TOWNSHIP, WARRICK COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of Lane Township (Township), Warrick County, for the period January 1, 2012 to December 31, 2016, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Results and Comments, incorporated within this report, was not verified for accuracy.

For years 2011 and later, the Annual Financial Reports filed by the Township can be found on the Gateway website: <https://gateway.ifionline.org/>.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 20, 2017

LANE TOWNSHIP, WARRICK COUNTY
RESULTS AND COMMENTS

APPROPRIATIONS

Records presented indicated the following disbursements in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
Township	2013	\$ 245.81
Township	2015	560.59
Township	2016	266.12

Indiana Code 6-1.1-18-4 states: "Except as otherwise provided in this chapter, the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

BANK RECONCILEMENTS

Depository reconciliations of the fund balances to the bank account balances were not conducted from April 30, 2014 to December 31, 2016.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

OPTICAL CHECK IMAGES

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks. The back side or endorsement side of the checks was not returned.

Indiana Code 26-2-8-111(a) states:

"If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

Indiana Code 5-15-5.1-10(a) states in part:

"Each . . . local government shall:

- (1) Make and preserve records containing adequate and proper documentation of . . . essential transactions of the . . . local government to protect the legal and financial rights of the government . . ."

LANE TOWNSHIP, WARRICK COUNTY
RESULTS AND COMMENTS
(Continued)

ESTABLISHMENT OF SALARIES

The Township Board did not establish the salaries of the Township officials and employees for 2012.

Indiana Code 36-6-6-10(b) states in part:

"The township legislative body shall fix the:

- (1) salaries;
- (2) wages; . . .

of all officers and employees of the township."

INACCURATE WAGES REPORTED ON FORM W-2

The wages reported on the W-2s issued for 2014 and 2015 did not agree with the actual amounts paid to the Trustee.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

FORM W-2 NOT ISSUED TO EMPLOYEES

W-2s were not issued to Township Board members for 2012, 2013, 2014, 2015, and 2016. W-2s were not issued to the Trustee for 2012 and 2013.

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

CONTRACTS

Payments made for mowing services were not supported by a written contract for 2012, 2013, 2014, 2015, and 2016.

Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

LANE TOWNSHIP, WARRICK COUNTY
RESULTS AND COMMENTS
(Continued)

100-R REPORT ERRORS

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was incomplete for 2012 and 2016. The 2012 100-R did not report any employees for the Township. The 2016 100-R did not report Township Board member compensation.

The Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) was inaccurate. The 2014 100-R stated the Trustee received \$2,496 in total compensation, but was actually paid \$2,288. The 2015 100-R stated the Trustee's total compensation was \$2,496, but the Trustee actually was paid \$2,080 in 2015 and the remaining \$416 was paid in 2016 but not reported on the 2016 100-R.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official, . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

PENALTIES, INTEREST, AND OTHER CHARGES

The Township paid penalties, interest, and other charges to the Internal Revenue Service in the amount of \$77.19 in 2015 because the Township did not remit payments on a timely basis.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 1)

TOWNSHIP ASSISTANCE APPLICATIONS

All Township Assistance payments for 2012 were made without an Application for Township Assistance on file.

Application for Township Assistance is to be completed by each person who applies for township assistance. (Uniform and Compliance Guidelines Manual for Townships, Chapter 7)

TOWNSHIP ASSISTANCE STANDARDS NOT ESTABLISHED

Township Assistance Standards were not established in accordance with Indiana Code 12-20-5.5-1 for 2012, 2013, 2014, 2015, and 2016.

Indiana Code 12-20-5.5-1(b) states:

"The township's standards for the issuance of township assistance and the processing of applications must be:

LANE TOWNSHIP, WARRICK COUNTY
RESULTS AND COMMENTS
(Continued)

- (1) governed by the requirements of this article;
- (2) proposed by the township trustee, adopted by the township board, and filed with the board of county commissioners;
- (3) reviewed and updated annually to reflect changes in the cost of basic necessities in the township and changes in the law;
- (4) published in a single written document, including addenda attached to the document; and
- (5) posted in a place prominently visible to the public in all offices of the township trustee where township assistance applications are taken or processed."

ADOPTION OF ABSTRACT REPORT

The Township did not have the required meeting to review and adopt the Annual Report by the third Tuesday after the first Monday in February for 2012.

Indiana Code 36-6-6-9(a) states: "The legislative body shall meet on or before the third Tuesday after the first Monday in February of each year. At this meeting it shall consider and approve, in whole or in part, the annual report of the executive presented under IC 36-6-4-12."

PUBLICATION OF ABSTRACT REPORT

The Annual Report was not published in accordance with Indiana Code for 2012, 2013, 2014, 2015, and 2016.

Indiana Code 36-6-4-13(b) states:

"Within four (4) weeks after the third Tuesday following the first Monday in February, the executive shall publish the abstract prescribed by subsection (a) in accordance with IC 5-3-1. The abstract must state that a complete and detailed annual report and the accompanying vouchers showing the names of persons paid money by the township have been filed with the county auditor, and that the chairman of the township legislative body has a copy of the report that is available for inspection by any taxpayer of the township."

NEPOTISM CERTIFICATION

The Trustee and Township Board members did not certify in writing that they had not violated Indiana Code 36-1-20.2 (Nepotism) by December 31, 2012, 2013, 2014, 2015, and 2016.

Indiana Code 36-1-20.2-16 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer has not violated this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

LANE TOWNSHIP, WARRICK COUNTY
RESULTS AND COMMENTS
(Continued)

CONTRACTING WITH A UNIT CERTIFICATION

The Trustee and Township Board members did not certify in writing that they had not violated Indiana Code 36-1-21 (Contracting With a Unit) by December 31, 2012, 2013, 2014, 2015, and 2016.

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

UNTIMELY FILING OF 100-R REPORT

The Township did not timely file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100-R) with the Indiana State Board of Accounts for 2012. The report was filed on February 11, 2013, which was 11 days past the due date.

Indiana Code 5-11-13-1(a) states in part:

"Every state, county, city, town, township, or school official, . . . shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. . . ."

LANE TOWNSHIP, WARRICK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 20, 2017, with Sarah B. Horn, Trustee.